

**CITY OF SHOREVIEW
MINUTES
CITY COUNCIL SPECIAL WORKSHOP MEETING
August 10, 2015**

CALL TO ORDER

Mayor Martin called the workshop meeting of the Shoreview City Council to order at 7:00 p.m. on August 10, 2015.

ROLL CALL

The following attended the meeting:

City Council: Mayor Martin; Councilmembers Johnson, Quigley, and Wickstrom

Councilmember Springhorn was absent.

Staff: Terry Schwerm, City Manager
Rebecca Olson, Asst. to City Manager
Fred Espe, Finance Director
Debbie Maloney, Asst. Finance Manager
Mark Maloney, Public Works Director

Mn/DOT Jerome Adams, Project Manager I-35W North Corridor
Mark Lindeberg, North Area Engineer

**DISCUSSION REGARDING PRELIMINARY LAYOUT FOR I-35W NORTH
MANAGED LANE PROJECT**

Presentation by Project Manager Jerome Adams

The I-35W corridor between Highway 36 and Lexington has been identified as one of the main congestion areas in the Twin Cities. The proposed solution is to add a lane. At this time the project is in the legal process to evaluate the most likely alternatives. The engineering completed shows that the MnPASS lane appears to be the best design choice for this corridor.

Councilmember Quigley asked if what has been identified now as the solution is actually what will be built. Mr. Adams responded that \$100 million has been identified in 2019 and 2020 for this project. The total cost of the project is between \$120 million and \$180 million. Firm funding is not yet identified. The preliminary engineering is being done now with public review so that when the time comes to build the project, the only remaining issue will be funding.

Mr. Adams stated that MnPASS is Minnesota's system of managed lanes. The MnPASS lane uses market based pricing to improve efficiency of the region's highway and transit systems. The purpose of pricing is to maintain a congestion free MnPASS lane, not to

generate revenue. The lane to be added will be the left most lane in both directions. MnPASS will operate in the morning only for the southbound lane and in the afternoon only for the northbound lane. When MnPASS is active, trucks, transit and emergency vehicles and multiple rider vehicles use it for free. A car with a single occupant would need to have a transponder that is used to charge the fee for use of the MnPASS lane. The transponder can be deactivated if there is more than one person in the car using the MnPASS lane. There will be electronic signs indicating OPEN when the lane is free to everyone. When a toll is charged, the sign will show a price, and the transponder will need to be activated.

The reason general purpose lanes cannot be added that would be free to everyone is that four lanes, two on each side would be needed to eliminate congestion through 2040. Congestion is anticipated again after 2040 with general purpose lanes. General purpose lanes do not provide a long-term solution. Also, only two lanes, one on each side, can be built without buying property and rebuilding all interchanges. That option would be cost prohibitive at approximately \$2.5 billion.

Councilmember Wickstrom noted that the Metropolitan Council's transit map shows a BRT line to Forest Lake. If there is only enough room for two lanes now, she asked how a BRT will be added before 2040. She asked if there has been discussion with the Metropolitan Council. Mr. Adams stated that the Metropolitan Council is represented on the Advisory Committee and has helped with all of the traffic modeling. In a previous study, BRT was considered in the median. With this study, it has been determined that a BRT does not make sense for this corridor because there is not the population density to walk to and from buses. There is discussion about a BRT possibly being located on the right shoulder.

Councilmember Wickstrom expressed concern that in order to obtain federal funding, the BRT will have to be separated from the highway.

Mr. Adams stated that the MnPASS lane will have capacity to carry 10% more people. A MnPASS lane also has more reliable trips. A reliable trip means reaching one's destination in the same amount of time every day. Advantages for a MnPASS lane are: 1) reduced travel times; 2) increased reliability; 3) increased transit advantage; and higher transit ridership.

Transit can use the MnPASS lane as can any driver in a non-peak period. Solo drivers in peak periods will pay a fee. MnPASS lanes are cost effective because they give a higher return on tax dollars. There are 40 times more benefits for every dollar spent than adding a general purpose lane, and they reduce congestion without expanding the highway footprint.

Councilmember Wickstrom asked if the access points in Shoreview will remain the same and if there are plans for more Park and Rides. Mr. Adams answered that there is discussion about County Road I. No decision has been made on that access at this time. Otherwise, the access points in Shoreview will be the same. This study does not specify where additional Park and Rides will be located. This is being discussed with the Metropolitan Council.

Mayor Martin asked the schedule for design approval. Mr. Adams stated that the first step is to work with the Advisory Committee to effectively communicate what is planned with cities. That

is this meeting. Specific geometric enhancements, such as County Road I, are the next step and will be done from now until Thanksgiving.

Mayor Martin asked if there is communication with the legislature. Mr. Adams stated that there are two on the team who communicate with the legislature. It is recognized at the Commissioner level that this is a priority project.

Councilmember Wickstrom asked if the lack of funding will hold up the project because of no more bonding after 2017. Mr. Adams agreed that there is not sufficient funding at this time. Something will have to happen.

REVIEW OF PROPOSED 2016 PRELIMINARY TAX LEVY AND OPERATING BUDGET

Presentation by City Manager Terry Schwerm

Schwerm noted that the proposed 2016 General Fund budget shows approximately a \$300,000 increase or 3.1%. The EDA is up by \$20,000. Debt and capital levies are up to about \$100,000. The total increase is \$443,000 or 4.3%. Every \$100,000 is approximately 1% of the levy. The City's taxable value is anticipated to increase approximately 4.5%. The median home value is up 2.5%. Commercial and apartment properties have increased more than a single family home. HRA tax rate has increased about 1.5%. Fiscal disparities will decrease some. After everything is factored in, the levy increase is approximately \$480,000 from the 2015 levy or 5%.

The average home value at \$253,800 is an increase of 2.5%. This represents continued recovery from the recession from 2008 to 2013. The peak value in 2008 was \$286,600. All homes valued under approximately \$400,000 have some value excluded from what is taxed. As home value increases, the amount excluded becomes smaller. It is an attempt to reduce property taxes for low and moderate income homeowners. The credit is a direct deduction in property value.

The operating budget reflects a wage adjustment of 2.0% for regular staff and an increase of \$60 per month in the City's share for health care. The health care contribution anticipates a 14% increase in rates and the City splitting the increase in the family contribution.

Charges made from the preliminary budget which had a 6% increase include:

- Increase revenue from license and permit revenue
- Administrative charges to capital projects
- Transfer from Cable TV
- Transfers from Utility Funds on the basis of 1% of asset value (as a payment in lieu of property taxes)
- Total General Fund revenue changes are a decrease of \$104,000

Changes to General Fund expenditures reduce the following:

- Eliminate Public Works position
- Reduce park maintenance associate positions
- Reduce emergency services expenditures

Reallocation of staff wages from an increase of 2.5% to 2% to other funds
Total General Fund expenditure reductions are \$120,257

Total General Fund changes from preliminary budget: \$224,257

General Fund revenue items that are increasing are:

- MSA Maintenance
- State Fire Aid
- Administrative charges to other funds
- Engineering fees
- Plan check fees
- Administrative citations

Expenditure items that are anticipated to increase are:

- Wages and benefits for employees
- Election expenses
- Legal expenses
- Police
- Fire
- Central Garage equipment/building charges
- Building inspections
- Community Center building charge
- Postage
- Miscellaneous items

Transfers out to:

- Community Center
- Recreation programs

The total General Fund expenditure increases are \$342,946. The total increase to the General Fund accounting for revenues and expenditures is \$318,123.

Levy increases in all other funds are:

EDA Levy	\$20,000
Debt & Central Garage	3,000
Street Renewal	\$50,000
General Fixed Asset Fund	\$47,417
Information Technology Fund	5,000

Total proposed levy changes in all other funds is \$125,417.

The changes in the City levy total \$443,540 plus \$5,000 for the HRA Levy. The total levy increase is \$448,540. Police costs are increasing approximately \$50,000; fire costs are increasing approximately \$120,000. This means that about 1.7% of the 4.32% overall increase is due to public safety costs. This will be the last year for the full implementation of the duty crews in the Fire Department. After this year, increases are expected to be at inflationary levels.

Another 1% of the levy increase comes from debt levies and capital levies. The total increase from all wage adjustments and benefits is approximately \$110,000 or 1%.

Mayor Martin asked if this would be a time to use County services for elections. Mr. Schwerm responded that the cost to the City would be approximately \$110,000 for the County to take over elections. This amount is based on the number of registered voters and the number of absentee ballots. It would mean giving up a position plus the budgeted election costs to pay the County. Also, services to residents would be less since the City would not be open for absentee balloting except on days that is required by law.

Capital Funds

Projections for the Street Renewal Fund indicate levy increases from \$50,000 to support planned projects.

Levy increases to the General Fixed Asset Fund range are \$47,417 to cover planned projects. Beginning in 2018, General Fixed Asset Fund increases are projected to be 0.7% of the levy, unless changes require higher levies.

The Information Technology Fund projection increases are \$5,000 through 2018 and then \$10,000 through 2020 to support planned technology purchases. This small fund purchases needed technology when replacement funds cannot be used.

The HRA levy needs to be adopted by the first Council meeting in September. If the Council wants further changes, the budget levy can wait until the second Council meeting in September.

Mayor Martin noted more job turnover in the last year. She would like to know more about what other cities are doing in regard to salary increases and whether the adjustment should be put at 2.5%. Once the preliminary budget is adopted, it can be decreased but not increased.

Councilmember Quigley stated that employees who work for a good city become interesting to bigger cities, which is how he accounts for turnover. The levy seems high to him, but he is not sure how to lower it. The services employees provide is excellent and he would like to insure that employees are compensated fairly.

Councilmember Wickstrom stated that she supports the proposed preliminary levy realizing that the Fire Department is more than 1% of the increase. She also would like more information about other city wages. If it would be possible to increase wages by 2.5%, she would support that. Mr. Schwerm stated that staff will look at that and figure it out in terms of least impact to services.

Councilmember Johnson stated that 2.5% is high but acknowledged that in business the increases are closer to 1%. The City is also contributing to health care, which is a benefit.

Mayor Martin stated that she would like to preserve flexibility to add \$16,000 if possible to put wage increases at 2.5%.

It was the consensus of the Council to support the preliminary budget.

DISCUSSION REGARDING THE COMMUNITY CENTER EXPANSION PROJECT

Presentation by City Manager Terry Schwerm

Approximately a year ago, BWBR Architects prepared options for expansion to the Community Center. The preferred Option A-1 would be a two-level all-purpose area off of the gym. This added space would add 7,500 square feet to the lower level and 7,500 square feet to the upper level. The indoor play area would be expanded into the gym activity room. There would also be an addition of more family locker room space near the pool. The expanded multi-purpose space would be used for fitness and other recreation programs, such as Summer Discovery, a fitness program on the lower level for fitness classes and programs. The upper level would also be a multi-purpose space which could be used for senior programs, drama and art programs and add to the space available for Community groups. The estimated cost of this expansion is approximately \$4.5 million. This does not include an outdoor water play structure which is estimated to cost about \$1.2 million.

Councilmember Wickstrom asked if one of the spaces could be dedicated for community groups. Mr. Schwerm responded that designated uses are policy decisions for the Council. There are expressed needs for storage and office space from community groups. This may be the best opportunity to provide that if the Council chooses to do so.

Mayor Martin stated that one issue is that the needs of each community group is very different. Mr. Schwerm stated that the details of use of the space cannot be decided until design work for the project is completed.

Councilmember Johnson stated that the goals of the expansion have to be clear. The major goals are to expand the fitness area and play area.

Mr. Schwerm explained that this expansion is being considered as part of a much broader project and how it will fit into the Commons Master Plan. The entire Shoreview Commons area will be reviewed as part of a planned Master Plan update.

The Capital Improvement Program (CIP) has budgeted a Community Center expansion in 2017, which is estimated at \$4 million to \$4.5 million. Within the Community Investment Fund, there is a \$400,000 allowance for additional family locker rooms in 2015, \$550,000 to replace the wading pool in 2015, and \$700,000 for major park renovations in 2017. The total of all planned projects in the Community Investment Fund is approximately \$4 million, which could be used for this project, if decided by the Council. That would mean no other projects in addition to the Community Center expansion could be done if these funds are used.

Unlike the expansion in 2003, which generated significant membership revenue due to the expansion of the fitness center, this expansion is seen as keeping the Community Center updated and enhancing recreational programs. It is anticipated that expansion of the indoor play area

could generate an additional \$40,000 to \$50,000 a year through daily admissions and increased membership.

Councilmember Quigley asked for clarification on how Community Center money is budgeted. Mr. Schwerm explained that the Recreation Program Budget includes all recreation programs. The Community Center Budget is strictly for Center operations. In fact, the Recreation Program Budget contributes approximately \$80,000 to \$100,000 to the Community Center budget, which is considered rent for use of the facility.

Mayor Martin asked the reason for separating the budgets. Mr. Espe explained that the separation makes it easier to keep track of costs and revenue, knowing what revenue is brought in on the salaries paid. Mr. Schwerm added that generally the Community Center brings in 90% of its operating budget. The three major recreation programs that bring in revenue are fitness, Summer Discovery and aquatics. If the Community Center budget incorporated those three programs, it would come very close to covering its operating costs. But there would still be some subsidy needed for other recreation programs. A well designed outdoor pool area could bring in an additional \$20,000 a year. Recreation program revenue from use of the new multi-purpose rooms is estimated at \$70,000 to \$100,000 a year. Those rooms would mean a 20% increase in the Summer Discovery program and 10% increase in fitness programs.

Councilmember Quigley asked if revenue is expected from the outdoor pool area. Mr. Schwerm noted that many facilities do not charge for a splash pad area so there is not good data on revenue. There would be a charge at the Community Center, as there is a charge to use the pool. The best way to dramatically increase revenue through daily admissions would be to expand the indoor pool area with an interactive water park play equipment. He estimated an addition like that would be \$3 million to \$4 million.

Mayor Martin stated that revenue is not the main issue. It is important to keep the facility updated, new and fresh for a better customer experience. She has received feedback from users that senior fitness classes are crowded.

Costs for the following features in a Community Center expansion are estimated as follows:

Multi-purpose addition (2 stories with playground expansion)	\$4,000,000 to \$5,000,000
Family Changing Area	\$ 400,000 to \$ 500,000
Cardio-Fitness Expansion	\$1,500,000 to \$2,000,000
Outdoor Wading Pool Replacement	\$1,000,000 to \$1,500,000
Total:	\$6,900,000 to \$8,000,000

Other projects that would fit in the Commons Master Plan include:

Outdoor refrigerated rink and landscaping
 Plaza style skatepark
 Accessible playground
 Veterans' Memorial

Trail connections and library access improvement
Miscellaneous costs

These projects would total approximately \$2,700,000 to \$4,700,000. These projects plus Community Center expansion projects could be in the \$10 million to \$13 million range. Financing could be up front on a pay-as-you-go basis, or bonds could be issued. Up to 50% of revenue coming into the Community Investment Fund could be used for debt service, if bonds are issued. At this time, there is approximately \$175,000 dedicated for debt service which would leave approximately \$325,000 assuming \$500,000 a year as a limit on debt service. Debt service can be paid from a number of sources. That would fund a \$3 million to \$4 million bond issue. Using money from the Community Investment Fund plus bonding could fund up to a \$8 million project.

Councilmember Quigley stated that he supports Option A1. He would like to see both financing and timing protracted and would like to maintain stability of what is already in place. A time schedule is needed to see how the project could be most effectively financed.

Councilmember Johnson stated that after 25 years, the Community Center is in need of a face lift. She noted that on *Night to Unite* she met over 20 families who have recently moved in and are potential users. She would need to see more solid cost numbers to be able to decide what should be included.

OTHER ISSUES

There were none.

The meeting adjourned at 9:18 p.m.